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G. Michael Crumling  
Executive Director-  
Federal Regulatory

EX PARTE

September 9, 1996

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222, SC-1170  
Washington, DC 20554

RE: CC Docket No. 96-128  
Deregulation of Payphones

Dear Mr. Caton:

Today, Dan Lanksbury, Director of Payphone Operations; Larry Sarjeant, Vice President, Federal Regulatory, and I, of U S WEST, met with John Nakahata, Senior Legal Advisor to Chairman Hundt, to discuss the above-referenced proceeding. A copy of the charts discussed at the meeting is attached.

In accordance with Section 1.1206(a)(2) of the Commission's Rules, two copies of this letter along with the attachments are being served upon you for inclusion in the public record.

Acknowledgment and date of receipt of this submission are requested. A duplicate letter is attached for this purpose.

Sincerely,



Attachments

cc: Mr. John Nakahata

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DOCKET FILE COPY ORIGINAL

**USWEST**

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SEP 9 1996

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

041  
10/1/96

**U S WEST**

**TELECOMMUNICATIONS ACT OF 1996**

**SECTION 276**

# SUMMARY OF U S WEST POSITIONS

- ① Local Rates Should Be Deregulated - Full Pricing Freedom
- ① Per Call Compensation Should Be Established Based On Market Value Of Calls
- ① Carriers Should Track Toll Calling For Per Call Compensation
  - \* LECs and IPPs should be allow to submit billing from other systems --  
billing must be auditable
- ① RBOC Selection Of Toll Carriers Would Be In The Public Interest And Would  
Create Competitive Parity
- ① Asset Reclassification Should Be Based On Net Book Value
- ① CI-III Safeguards And Non-Structural Separation Are Adequate
- ① Public Interest Payphones Should Be Funded By The Requesting Party

# U S WEST PUBLIC SERVICES

- ① 118,822 Payphones (July, 1996)
  - \* 94,971 Public
  - \* 16,954 Semi-Public
  - \* 6,897 Inmate
- ① 56,911 Independent Payphone Provider Lines
- ① Payphones Are Deregulated In Five States
  - \* Iowa, 1985
  - \* Nebraska, 1987
  - \* South Dakota, 1992
  - \* North Dakota, 1993
  - \* Wyoming, 1995
- ① Payphones Local Call Rates Are Detariffed In Montana (1990)
- ① Remaining Eight States Are Regulated

# DEREGULATED STATES

	TOTAL PAYPHONES AT DEREGULATION	USWC PAYPHONES	IPP ACCESS LINES	TOTAL PAYPHONES JULY, 1996	LOCAL CALL RATE
IOWA (9-85)	10,824 <sup>(1)</sup>	7,751	3,032	10,783	\$0.35
NEBRASKA (1-87)	5,612 <sup>(1)</sup>	4,200	1,626	5,826	\$.035
SOUTH DAKOTA (11-92)	3,747	2,864	788	3,652	\$0.25
NORTH DAKOTA (8-93)	3,357	2,203	723	2,926 <sup>(3)</sup>	\$0.35
WYOMING (3-95)	3,782	2,991	926	3,917 <sup>(3)</sup>	\$0.35 <sup>(2)</sup>
MONTANA (Detariffed 3-90)	4,915	3,500	1,496	4,996	\$0.25

1. Payphones in service as of December 31, 1987 – data pre 12/31/87 unavailable

2. Local Call Rate established prior to deregulation

3. Adjusted for Sale of Rural Exchanges

9/5/96

# IOWA DEREGULATION

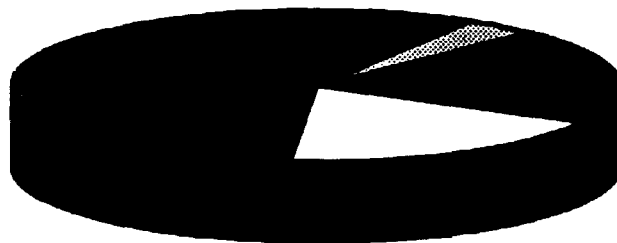
- ① Accounting Separation
- ① Local Call Rate Is \$0.35
- ① Set Use Fee Is \$0.35 Per Call (USW IntraLATA Only)
- ① Directory Assistance Charge Is \$0.35 Per Call
- ① Payphone Availability Has Remained Constant

\* END OF YEAR 1987 = 10,824 (USW = 9,819; IPP = 1,005)

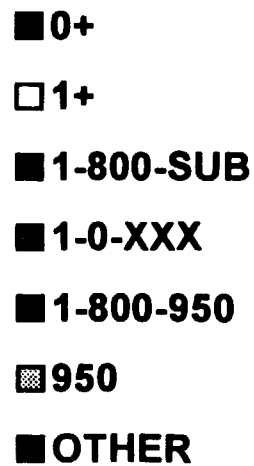
\* JULY 1996 = 10,783 (USW = 7,751; IPP = 3,032)

# TOLL CALL DISTRIBUTION

## INTRASTATE



0+	=	20.6%
1+	=	18.3%
1-800-SUB	=	56.5%
1-0-XXX	=	.7%
1-800-950	=	.05%
950	=	3.8%
OTHER	=	.08%



## INTERSTATE



0+	=	3.4%
1+	=	2.1%
1-800-SUB	=	90.6%
1-0-XXX	=	.5%
1-800-950	=	1.8%
950	=	1.6%
OTHER	=	.0%

# PER CALL COMPENSATION BY CALL TYPE

CALL TYPE	PARTY RECEIVING PRIMARY ECONOMIC BENEFIT
Local - Cash	Payphone Service Provider
Local - Non-cash (OSP)	Operator Service Provider
Local - Non-Cash (Store and Forward)	Payphone Service Provider
Toll - 1+ Cash	Presubscribed or Default Toll Provider
Toll - 0+Cash	Presubscribed Toll Service Provider
Dial Around	Toll Service Provider
1-800-Subscriber	1-800 Service Provider
1-800 Debit Card	1-800 Service Provider
Store and Forward Toll	Payphone Service Provider
Local Directory Assistance	Payphone Service Provider
Toll Directory Assistance	Toll Service Provider
Emergency/911	No Compensation
Telecommunications Relay Service	No Compensation

# **U S WEST TOLL TRACKING SYSTEM (BILL AND TRACK)**

## **① Use Billing System To Track All Toll Calls**

- \* U S WEST toll**
- \* Interexchange carrier Presubscribed toll**
- \* 1-800 calls**
- \* Access code calls**

## **① Bill and Track Used In Utah To Bill Carriers For Intrastate Per Call Compensation**

# **INTERLATA CARRIER SELECTION**

- ① RBOC PSP Participation In Selection Of InterLATA Carriers Is In The Public Interest.
- ① Creates “Level Playing Field” For All PSPs
  - \* RBOC PSPs can provide one stop shopping
  - \* RBOC PSPs can aggregate toll for small businesses
- ① Location Providers/Consumers Benefit
  - \* Significant reduction in “Carrier slamming”
  - \* Consumers will have rate predictability -- “no surprises”
  - \* Competitive impact on OSP will improve rates
- ① Adequate Safeguards Protect Against Cross-Subsidies And Discrimination

# PUBLIC INTEREST PAYPHONES

## ① Requesting Party Must Fund

- \* No controls of the number of payphones if request and funding not connected
- \* Iowa has worked under this scenario

## ① California Plan Will Not Work In Rural States

- \* Fewer providers
- \* Surcharges impede growth
- \* Lower density
- \* Lower average revenue per payphone
  - Lower potential for support

## ① Establish A Bidding Process To Determine Public Interest Provider